

Message Text

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13/44

ACTION EUR-12

INFO OCT-01 ISO-00 SAM-01 OMB-01 SSO-00 NSCE-00 USIE-00

INRE-00 USIA-06 CIAE-00 DODE-00 PM-04 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 ACDA-07

SAJ-01 /069 W

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O 091101Z SEP 76

FM AMEMBASSY MADRID

TO SECSTATE WASHDC IMMEDIATE 7074

C O N F I D E N T I A L MADRID 6857

C O R R E C T E D C O P Y (CORRECT MRN TO READ 6857 VICE 685U)

E.O.11652: GDS

TAGS: PFOR, PINT, SP

SUBJECT CURRENT POLITICAL SITUATION

SUMMARY: SECOND VICE PRESIDENT TOLD EMBASSY OFFICER
SEPTEMBER 7 THAT GOS DECISION ON POLITICAL REFORMS WOULD BE MADE
AT CABINET MEETINGS EITHER SEPTEMBER 10 OR 17 FOLLOWING
WHICH SUAREZ WOULD MAKE NATIONWIDE TV SPEECH. GOS , HE SAID
WOULD LEFT OPPOSITIONS SEPTEMBER 4 STATEMENT MODERATE
AND WAS ENCOURAGED THAT PSO AND PSP LEADERS GONZALEZ
AND TIerno GALVAN FAILED TO ATTEND OPPOSITION MEETING.
HE ALSO SAID GOS POLICY TOWARDS PCE IS TO ALLOW PCETTO
CARRY ON ACTIVITIES ONLY TOGETHER WITH OTHER PARTIES AND
NOT INDEPENDENTLY. RUMORS TO THE CONTRARY, OSORIO SAID
GOVERNMENT WAS COMPLETELY UNIFIED AND WORKING TIRELESSLY
TO PREPARE FOR ELECTIONS AT THE EARLIEST POSSIBLE MOMENT.
END SUMMARY:

1. EMBASSY OFFICER WITH LONG TIME ASSOCIATION WITH
ALFONSO OSORIO WAS ASKED TO CALL ON HIM LATE SEPTEMBER
7. EMBASSY OFFICER WAS PRECEDED BY PRESIDENT OF BANK OF
SPAIN WHO, WHILE BOTH WERE WAITING TO BE RECEIVED, COMMENTED
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THAT ECONOMIC SITUATION WAS VERY BAD. HE WENT ON TO SAY

THAT TOURIST RECEPITS WERE PROPORTIONATELY LOWER THAN THE DECLINING NUMBER OF TOURISTS, PRINCIPALLY BECAUSE TOURISTS WERE ENTERING SPAIN WITH PESETAS (THE IMPLICATION WAS THAT THERE HAD BEEN A FLIGHT OF CAPITAL) AND BECAUSE MANY MORE WERE COMING ON PREPAID ORGANIZED TRIPS. (SEE MADRID 6788, FOR MORE MEASURED VIEWS OF BANK OF SPAIN'S PRINCIPAL ECONOMIC ANALYSTS ON CURRENT ECONOMIC SITUATION

2. OSORIO REVIEWED CURRENT POLITICAL SITUATION WITH EMBASSY OFFICIAL NOTING THAT HE HAD PREVIOUSLY DESCRIBED MUCH OF IT TO AMBASSADOR IN A RECENT MEETING (REFTEL). RUMORS TO THE CONTRARY, OSORIO SAID THAT PRESENT GOVERNMENT WAS OF MIND AND UNIFIED ITS RESOLVE TO PREPARE FOR POLITICAL REFORM AND MOVE AHEAD WITH ELECTIONS AS SOON AS POSSIBLE. (THE MEDIA HAD REPORTED FOR TWO SUCCESSIVE DAYS THAT OSORIO AND SUAREZ WERE NO LONGER WORKING WELL TOGETHER AND THAT OSORIO HAD BEEN REMOVED FROM THE TIGHTLY KNIT CABINET GROUP THAT WAS PREPARING POLITICAL REFORMS. ON SEPTEMBER 8 THE MEDIA REPORTED THAT OSORIO HAD INFORMED THE LOGOS PRESS AGENCY (CATHOLIC) THAT HIS VIEWS WERE IDENTICAL WITH THOSE OF THE PREMIER. THE MINISTER OF INFORMATION AND TOURISM SUBSEQUENTLY RELEASED A STATEMENT SAYING THAT THE GOVT WAS UNIFIED AND THAT THOSE WHO TRIED TO SOW DISTRUST IN THE CABINET WOULD BE DISAPPOINTED. WE NOTE THAT OSORIO REPORTEDLY HAS BEEN PRESENT IN ALL OF THE MANY MEETINGS HELD BY THE PREMIER WITH OPPOSITION AND OTHER POLITICAL LEADERS IN THE PAST FEW DAYS.)

3. OSORIO COMMENTED THAT SEPT 4 MADRID MEETING OF THE COORDINACION DEMOCRATICA ENDED ON A RELATIVELY MODERATE NOTE. THE GOS HE SAID, WAS PARTICULARLY PLEASED WITH THE MODERATE TURN OF RUIZ GIMENEZ'S SPEECH AND THE ABSENCE OF PSOE LEADER FELIP GONZALEZ AND PSE LEADER TIerno GALVIN. INDEED, OSORIO SAID THAT TIerno GALVIN AND SUAREZ HAD ORGANIZED THEIR MEETING SO AS TO ALLOW TIerno TO USE IT AS AN EXCUSE FOR NON ATTENDANCE AT THE SEPTEMBER 4 MEETING. ACCORDING TO OSORIO THE PSOE AND THE PSP, WHICH HAVE BEEN IN CLOSE CONTACT WITH THE GOVT, ARE TRYING TO SEEK A WAY CONFIDENTIAL

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"OF GETTING RID OF" THE COMMUNISTS IN THE COORDINACION DEMOCRATICA (COMMENT: THIS RINGS LIKE AN OVERSTATEMENT OF PSOE AND PSE INTENTIONS OR AT LEAST CAPABILITIES ON THIS POINT BUT MAY BE A MORE REVEALING STATEMENT OF GOS INTENTIONS.) OSORIO JUDGED THAT THE COORDINACION DEMOCRATICA WAS STILL A LONG WAY FROM ACHIEVING UNITY OF OPPOSITION FORCES.

4. WHEN ASKED ABOUT THE APPEARANCE OF A MORE FLEXIBLE GOS POLICY TOWARDS PCE POLITICAL ACTIVITY OSORIO DESCRIBED GOS POLICY TOWARDS PCE AS FOLLOWS: GOS HAS RECENTLY TURNED DOWN A NUMBER OF RECENT REQUESTS TO CARRY OUT SOME POLITICAL ACTIVITIES. ON ITS OWN THE GOS WILL ALLOW THE PCE TO CARRY OUT POLITICAL ACTIVITIES TOGETHER WITH OTHER GROUPS BUT IT WILL NOT BE ALLOWED TO ORGANIZE OR STAGE ITS OWN POLITICAL ACTIVITIES. OSORIO SAID THAT THE PCE HAD RELAYED TO THE GOS A PROPOSAL FOR A POLITICAL "DEAL". IN EXCHANGE FOR LEGALIZATION OF THE PCE AND TWO MINISTERIAL POSITIONS SYNDICATE AND ANOTHER ECONOMIC MINISTRY THE PCE WOULD GUARANTEE SOCIAL AND LABOR PEACE THROUGH ITS CONTROL OF WORKERS COMMISSION ACCEPT THE POSTONEMENT OF POPULAR ELECTIONS FOR AT LEAST TWO YEARS. OSORIO DERIDED THIS PROPOSAL BUT NOTED THAT IT REVEALS PCE CONSCIOUSNESS OF ITS LACK OF A POPULAR BASE AND FEAR ELECTIONS. IN HIS VIEW, THIS IS ONE MORE REASON WHY THE ELECTIONS SHOULD BE HELD AT THE EARLIEST POSSIBLE MOMENT.

5. OSORIO DESCRIBED GOVT'S REFORM PLANS ALONG PREVIOUSLY REPORTED LINES SAYING THAT PRESENT PLANS WILL MAKE THE FUTURE BICAMERAL SYSTEM VERY SIMILAR TO THE US SYSTEM IN THE DIFFERENCES BETWEEN THE POWERS OF THE CHAMBERS. THE GOVT HE REPORTED, HAD NOT AS YET FINALIZED THE PROGRAM WHICH MIGHT BE READY FOR THE CABINET MEETING SCHEDULED SEPT 10, BUT IF NOT, CERTAINLY FOR THE SUBSEQUENT CABINET MEETING SEPTEMBER 17. SUAREZ HAS ALREADY MADE ARRANGEMENTS TO DESCRIBE THIS PROGRAM TO THE SPANISH PEOPLE ON TV THE SAME DAY THE CABINET APPROVES IT. THE THRUST OF HIS REMARKS WILL BE THAT THE GOVT PROGRAM WILL BE RESPONSIVE TO THE NEED OF GIVING REPRESENTATION TO THE PEOPLE.

6. OSORIO EXPRESSED CONFIDENCE THAT THE EARLIER THE
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ELECTION THE EASIER IT WOULD BE TO COME TO GRIPS WITH ECONOMIC PROBLEMS. HE COMMENTED THAT THE PRESENT GOVT LACKS THE AUTHORITY TO ADOPT THE MEASURES NEEDED TO GUID THE CONOMY ON THE PATH OF THE RECOVERY. POLITICAL CHANGES WOULD HAVE TO COME FIRST AND THEY WILL REQUIRE ELECTIONS IN ORDER TO GIVE THE GOVT THE NEEDED AUTHORITY.

7. WITH RESPECT TO THE OUTLOOK FOR CHRISTIAN DEMOCRATIC UNITY OSORIO EXPRESSED CONFIDENCE THAT THE VARIOUS FACTIONS WILL BE BROUGHT TOGETHER. HE SAID THAT FROM THE SOCIOLOGICAL STANDPOINT A MAJOR SEGMENT OF CHRISTIAN DEMOCRATS SUPPORTED FRANCO FROM THE START AND STILL REPRESENT A MAJOR SEGMENT IN SPANISH POLITICS. THE OTHER MAJOR SEGMENT IS THE OPPOSITION BUT OSORIO BELIEVES THAT SOME OF ITS REPRESENTATIVES CAN BE BROUGHT TOGETHER WITH THE SOCIOLOGICAL

FRANCOITIES IN CHRISTIAN DEMOCRACY. AS HE HAD REPORTED EARLIER TO THE
AMBASSADOR THE FLY IN THE OINTMENT IS GIL ROBLES.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT REFORM, PERSONAL OPINION, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 09 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MADRID06857
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760342-0180
From: MADRID
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760978/aaaacotq.tel
Line Count: 172
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 05 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 MAY 2004 by MartinML>; APPROVED <02 SEP 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CURRENT POLITICAL SITUATION SUMMARY: SECOND VICE PRESIDENT TOLD EMBASSY OFFICER SEPTEMBER 7 THAT GOS
DECISION ON POLITICAL REFORMS
TAGS: PFOR, PINT, SP, (OSORIO, ALFONSO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006